Registre de Commerce et des Sociétés
B59500 - L130048863
déposé le 26/03/2013

MENTION

Nom de la Société : **FIAT FINANCE AND TRADE LTD**

Siège social : 24, boulevard Royal, L-2449 Luxembourg

N° du Registre de Commerce : B - 59500

Les comptes consolidés au 31 décembre 2012 ont été déposés au Registre de Commerce et des Sociétés.

Pour mention aux fins de publication au Mémorial, Recueil des Sociétés et Associations.

Pour FIAT FINANCE AND TRADE LTD

Leonardo Cecchetti
Président du Conseil d'Administration

Registre de Commerce et des Sociétés
B59500 - L130048863
enregistré et déposé le 26/03/2013

CONSOLIDATED ANNUAL REPORT
AT 31 DECEMBER 2012

Fiat Finance and Trade Ltd, S.A.
with sole shareholder
Registered Office: 24 Boulevard Royal
L-2449 Luxembourg
Share Capital: €251,494,000
R.C.S. Luxembourg: B 59500

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Fiat Finance and Trade Ltd, S.A.
Registered Office: 24 Boulevard Royal
L-2449 Luxembourg
Share Capital: €251,494,000
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Board of Directors and Auditors

BOARD OF DIRECTORS

Chairman

Leonardo Cecchetti

Directors

Marella Moretti

Jacques Loesch

RÉVISEUR D'ENTREPRISES AGRÉÉ

ERNST & YOUNG LUXEMBOURG

REPORT ON OPERATIONS

Fiat Finance and Trade Ltd, S.A.
Registered Office: 24 Boulevard Royal
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OPERATING ENVIRONMENT

GENERAL ECONOMIC ENVIRONMENT AND PERFORMANCE OF FINANCIAL MARKETS

International economy

In 2012 the global economy remained weak. The growth rate worldwide is expected at 2.2%, a slowdown compared to the previous year. Against the economic downturn of the Eurozone and the UK, growth in the US and Japan showed a modest pickup, whilst the economies of emerging countries, especially China and Brazil, displayed signs of a slowdown.

The economic trend was affected by a combination of factors. In Europe fears for the financial stability of some Countries and the stringent policies implemented to balance the Budgets affected growth significantly. In the US the risk of a failed agreement at political level that avoided a sudden and considerable tightening of the tax regime (so-called "fiscal cliff") generated uncertainty among consumers and enterprises. Weakness in the global economy led to a slowdown in China's exports that was only partly offset by a strong domestic demand and investments in infrastructures.

Overall inflation continues to fall, reflecting the weakness of the current cycle and the drop in the prices of energy commodities. In the Eurozone and the US the trend in consumer prices dropped to 2.5% and 2.2% on the previous year respectively. In Japan deflationary trends continue.

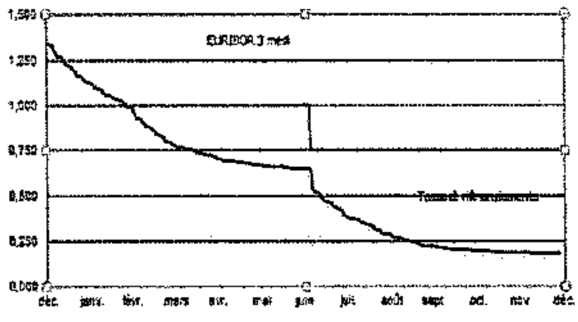
In the face of large unused capacity, risks of further economic contraction and low inflationary expectations, the central banks of developed countries resorted to unconventional expansionary measures. Also the central banks of the main emerging countries continued to gradually slacken their monetary policies by cutting interest rates.

In the Eurozone, the effects of the consolidation of public budgets and the stringent tax policies implemented in 2012 were also felt by more solid economies. The expected growth rate is negative (0.5% on the previous year). The economic cycle also suffered from prolonged tensions in the financial market which eased considerably in the second half of the year thanks to the strong ECB's commitment towards the single currency, especially following the introduction of the "Outright Monetary Transactions" programme. Also the decisions taken at European level to support Greece and the agreement on the setting up of a single banking supervisory mechanism played an important role in protecting sovereign debt, contributing to an improvement in the financial conditions of the most exposed Countries.

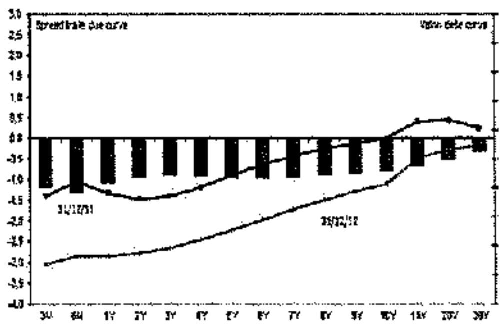
Financial Markets

In Europe the ECB responded to a worsened economic scenario by slightly easing its monetary policy. In July the Central Bank cut the refinancing rate by 25 basis points down to 0.75%. The Eonia and 3-month Euribor rates have progressively fallen during the year reaching their all-time-low at the year-end (0.06% and 0.19%). Consequently, the Euro rate curve fell considerably compared to the previous year, the 3-month Euribor standing at 0.19% (down from 1.30%) at the year end, and the 10-year swap rate falling to 1.56% (from 2.40%).

Euro interest rates



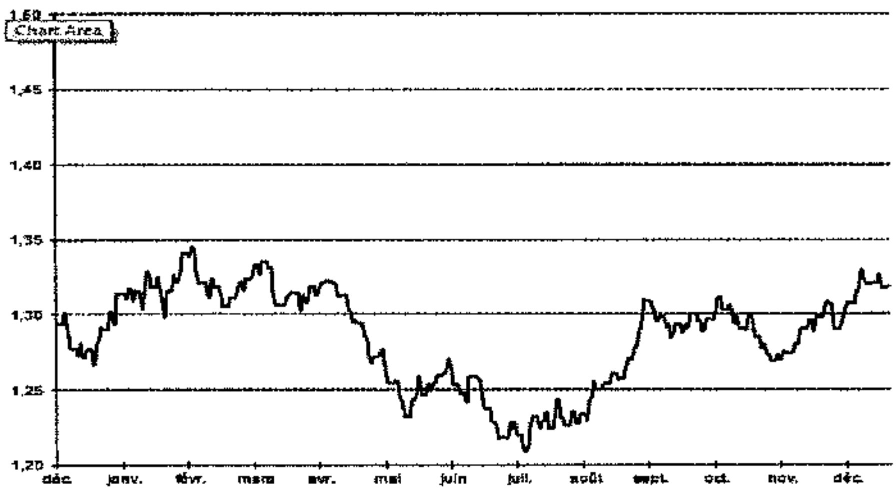
Euro yield curve



Exchange rates

In 2012 the European single currency experienced a see-sawing trend. For the first part of the year the Euro was heavily impacted by expectations of low economic growth and fears for the sustainability of the debt of "peripheral" Eurozone countries. The European currency opened the year at 1.29 against the US dollar and hit its low of 1.21 in July; from July onwards, the single currency was strongly supported by the ECB and was able to resume the values at the start of the year, closing stronger at 1.32 (2%) at the end of December. The Euro gained considerable ground against the Japanese Yen (13%) whereas it was flat against the British Pound (-2%) and the Swiss Franc (-1%).

EUR/USD exchange rates



MAIN RISKS AND UNCERTAINTIES TO WHICH THE FIAT GROUP IS EXPOSED

The Fiat Finance and Trade Ltd, S.A. and its subsidiaries ("the Group") earnings and financial position may be influenced by various macroeconomic factors - including increases or decreases in gross domestic product, the level of consumer and business confidence, changes in interest rates on consumer and business credit, the energy prices, the cost of commodities or other raw materials and the rate of unemployment - within the various countries in which it operates.

The 2012 weak economic conditions resulted in a significant decline in demand for most of the Group's products. The current economic weakness in the Euro zone, cast serious uncertainty on the possible evolution of the economic activity in this region in the foreseeable future.

In Europe, despite the measures taken by several governments, international and supranational organizations and monetary authorities to provide financial assistance to euro area member states of the European Union in economic difficulty concerns persist regarding the debt burden of certain Eurozone countries and their ability to meet future financial obligations.

These potential developments could adversely affect the businesses and operations of the Group. In general, the sector in which the Group operates have historically been subject to highly cyclical demand and tend to reflect the overall performance of the economy, in certain cases even amplifying the effects of economic trends. Given the difficulty in predicting the magnitude and duration of economic cycles, there can be no assurances as to future trends in the demand for or supply of products sold by the Group in any of the markets in which it operates.

Additionally, even in the absence of slow growth or recession, other economic circumstances – such as increases in energy prices, fluctuations in prices of raw materials or contractions in infrastructure spending – could have negative consequences for the industry in which the Group operates and, together with the other factors referred to previously, could have a material adverse effect on the Group's business prospects, earnings and/or financial position.

CORPORATE OBJECTIVES AND STRATEGIES

The Group acts as the main treasury and financing vehicle of the Fiat Group companies outside Italy. The Group finances its activity through bond issuance under the Global Medium Term Notes (GMTN), credit lines with leading international banks and intercompany loans.

In relation to the management of financial risks (liquidity, currency and interest rate), the Group follows the guidelines established by the relevant internal policies.

For liquidity management in particular, the primary investment objective is the protection and ready convertibility to cash of capital invested, maintaining an adequate level of portfolio diversification.

In keeping with these general requirements, during the year the Group's surplus liquidity was placed in short-term deposits high yield remunerated current account and Liquidity Funds with major financial institutions.
With regard to exposure to currency risk, the Group's exposure arises mainly due to the geographical diversity of the Group's activities and Fiat Group companies to which cash management and other treasury services are provided.
The Group seeks to minimize this exposure mainly by the use of forward foreign exchange contracts and currency swaps.

The Group manages interest rate risk substantially through matching the interest rate periods of financial assets and liabilities, thereby minimizing the risk arising from changes in the relevant rates.

HUMAN RESOURCES

To meet its objectives, the Group employs highly-qualified personnel and during 2012 it continued its training activities, which are considered essential to the provision of qualified professional services.

At December 31, 2012, the Group had 18 employees.

CORPORATE GOVERNANCE STATEMENT

Direction and coordination activities consist in the definition and updating of Fiat Group-wide models for the system of internal control, corporate governance and organizational structure, the dissemination of a Code of Conduct, which is adopted throughout the Fiat Group, and the establishment of general policies for the management of human and financial resources. Fiat Group coordination also includes centralized management of corporate, administrative, tax and internal audit services through specialized companies.

Consistent with the above, the Group, which retains full management and operating autonomy, adopted a Code of Conduct that sets out the principles of professional conduct adhered to by the Group and Fiat Group. The Group, together with its shareholders, has also established and maintains a model of corporate governance and internal control through its organizational and reporting structure, a Compliance Program, which is continually revised to reflect legislative changes, and a system of internal procedures.

INTERNAL CONTROL SYSTEM

The various corporate departments, with the support of Fiat Group's Internal Audit, acted to ensure compliance with best management practices and the adequacy of the organizational structure and internal procedures. The Compliance Officer and the Compliance Program Supervisory Body at Group level (the institutional roles with responsibility for control) perform their activities in close collaboration with the management, keeping them constantly apprised of the outcome of audits conducted and any need for improvement.
Overall, the Internal Control System operated alongside core business processes to enhance operating activities and manage the related risks, supporting management in the pursuit of its corporate objectives, in accordance with law and internal policies and procedures.

CODE OF CONDUCT

The Board of Directors formally adopted the Fiat Group's new Code of Conduct, which reinforces the principles of sustainability, making express reference to compliance with the United Nations' Universal Declaration of Human Rights, the principal Conventions of the International Labor Organization (I.L.O.), the OECD Guidelines for Multinational Enterprises, and the United States Foreign Corrupt Practices Act (FCPA). Greater attention has been dedicated to issues relating to health and safety in the workplace and protection of the environment, with an emphasis on preventive risk assessment together with definition of the specific responsibilities of employees. The main issues addressed in the Code are set out in specific guidelines. The Code can be publicly consulted on the internet web site of Fiat S.p.A..

TRANSACTIONS WITH FIAT GROUP COMPANIES AND RELATED PARTIES

In keeping with the by-laws, the Group acts as the treasury and financing vehicle of the Fiat Group companies outside Italy.
Information on related-party transactions is contained in a separate note to the financial statements.
At December 31, 2012, the Group did not held, either directly or through third parties, its own shares or shares in its parent company, or buy and/or sell such shares during the year.

OPERATING PERFORMANCE AND FINANCIAL REVIEW FOR FIAT FINANCE AND TRADE LTD, S.A.

In 2011 December 15th, in order to concentrate on one single entity the participations of the treasury companies operating in North America, Fiat Finance and Trade Ltd, S.A. bought from Fiat Finance S.p.A. and Fiat S.p.A. their participations in Fiat Finance North America Inc. and from Fiat Finance S.p.A. the participation in Fiat Finance Canada Ltd.
Because the acquisition of the two subsidiaries was performed at year end the Company consolidated only the statement of financial position of the acquired entities. The income statement and the cash flow statements as for 2011 refer to the Fiat Finance and Trade Ltd, S.A. standalone financial statements restated under IFRS.

Fiat Finance and Trade Ltd, S.A. and its subsidiaries provide treasury services to local Fiat Group companies, as explained in more detail in the notes to the financial statements.
These companies operate autonomously in their local market, equipped with an adequate organizational structure, and conduct their treasury activities in adherence with Fiat Group's risk management policies.

The Group closed 2012 with net profit of € 0.8 million.

SUBSEQUENT EVENTS AND OUTLOOK

There have been no events subsequent to the balance sheet date which require adjustment of or disclosure in the annual accounts or Notes.

FIAT FINANCE AND TRADE LTD, S.A.

CONSOLIDATED FINANCIAL STATEMENTS

AT DECEMBER 31, 2012

Fiat Finance and Trade Ltd, S.A.
Registered Office: 24 Boulevard Royal
L-2449 Luxembourg
Share Capital: €251,494,000
R.C.S. Luxembourg: B 59500

CONSOLIDATED INCOME STATEMENT

(figures in €)		2012	2011*
Revenue from services	(2)	1,269,122	1,113,389
Personnel costs	(3)	(1,832,102)	(1,435,196)
Other operating costs	(4)	(2,627,924)	(2,084,747)
Depreciation and amortization on tangible and intangible assets	(5)	(131,557)	(111,269)
Financial income	(6)	682,925,117	650,744,358
Financial expense	(7)	(727,821,299)	(762,313,723)
Net gain on derivatives financial instruments	(8)	49,790,943	115,546,503
PROFIT BEFORE TAXES		1,572,300	1,459,315
Income taxes	(9)	(742,215)	(426,036)
PROFIT FOR THE YEAR		830,085	1,033,279

* 2011 values relate only to Fiat Finance and Trade Ltd, S.A.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(figures in €)		2012	2011*
PROFIT FOR THE YEAR		830,085	1,033,279
Translation reserve,		(2,929,557)	10,844,195**
Cash flow hedges (net of tax)	(10)	(2,773,827)	(7,393,123)
Income recognized in the cash flow hedge reserve (net effect)		3,866,078	-
Transfer from cash flow hedge reserve (net effect)		(6,639,905)	-
TOTAL OTHER COMPREHENSIVE INCOME/(LOSS),		(5,703,384)	3,451,072
TOTAL COMPREHENSIVE INCOME		(4,873,299)	4,484,351

* 2011 values relate only to Fiat Finance and Trade Ltd, S.A.

** This amount contains the 2011 profit to FFNA and FFC, not recognized in the consolidated income statement of 2011 (see basis of consolidation and preparation)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(figures in €)		31 December 2012	31 December 2011
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	(11)	3,670,884,396	3,430,703,252
Current loans	(12)	8,438,217,501	7,779,049,571
Other financial assets	(14)	285,822,746	336,592,559
Other current assets		20,707,624	28,591,279
Current tax receivable		4,246	-
Total current assets		**12,415,636,512**	**11,574,936,661**
NON CURRENT ASSETS			
Non current loans	(13)	116,357,889	-
Tangible assets		207,732	231,698
Intangible assets		325,148	25,690
Deferred tax assets		8,072,526	7,445,365
Total non current assets		**124,963,295**	**7,702,753**
TOTAL ASSETS		**12,540,599,807**	**11,582,639,414**
EQUITY AND LIABILITIES			
CURRENT LIABILITIES			
Current borrowings	(15)	3,293,984,595	3,972,523,873
Other financial liabilities	(17)	89,169,740	30,350,088
Other liabilities		5,136,637	3,979,782
Current tax payable	(18)	(115,791)	179,485
Total current liabilities		**3,388,175,181**	**4,007,033,228**
NON CURRENT LIABILITIES			
Non current borrowings	(16)	8,867,391,701	7,285,699,963
Total non current liabilities		**8,867,391,701**	**7,285,699,963**
EQUITY			
Share capital	(19)	251,494,000	251,494,000
Legal reserve		13,319,000	13,226,000
Other reserves and retained profit		19,389,840	24,152,944
Profit/(loss) for the year		830,085	1,033,279
Total Equity		**285,032,925**	**289,906,223**
TOTAL LIABILITIES		**12,540,599,807**	**11,582,639,414**

CONSOLIDATED STATEMENT OF CASH FLOWS

(figures in €)	2012	2011
A) CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3,430,703,252	2,707,131,720
B) CASH FROM/(USED IN) OPERATING ACTIVITIES		
Profit for the year	830,085	1,033,279
Depreciation and amortization	131,557	121,668
Gain/loss on disp. of mon. item	(5,052)	(970)
Change in deferred income tax	(718,309)	(331,805)
Change in working capital	8,745,025	(18,147,592)
Change in other financial assets	7,879,075	(18,914,780)
Change in other financial liabilities	865,950	767,188
TOTAL	8,985,306	(17,325,420)
C) CASH FROM/(USED IN) INVESTING ACTIVITIES		
Cash inflow on acquisition of subsidiaries	-	235,172,739
Investments in tangible assets	(76,338)	(155,180)
Investments in intangibles assets	(344,996)	-
Change in other financial receivable	377,751	2,162,277,593
Other changes	(2,755,327)	971
TOTAL	(2,798,910)	2,397,296,123
D) CASH FROM/(USED IN) FINANCING ACTIVITIES		
Net changes in borrowings	1,097,868,070	(3,716,807,598)
Change in financial assets and liabilities	(973,399,197)	2,125,449,048
Change in other financial assets and liabilities	128,288,689	(65,040,621)
Other financial assets	68,613,279	(34,162,537)
Other financial liabilities	59,675,410	(30,878,084)
TOTAL	252,757,562	(1,656,399,171)
Translation exchange differences	(18,762,815)	-
E) NET CHANGE IN CASH AND CASH EQUIVALENTS	240,205,563	723,571,532
F) CASH AND CASH EQUIVALENTS AT END OF YEAR	3,670,884,395	3,430,703,252

The accompanying notes form an integral part of the consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(figures in 000. €)	Share capital	Legal reserve	Retained profit/(loss)	Cash Flow reserve	Translation reserve (**)	Other reserves (*)	Profit/(loss) for the year	Equity
EQUITY AT 31/12/2010	251,494	13,139	19,043	-	-	206	1,540	285,422
ALLOCATION OF PRIOR YEAR PROFIT								
to the Legal reserve	-	87	(87)	-	-	-	-	-
to Other reserves	-	-	(47)	-	-	47	-	-
to Retained profit	-	-	1,540	-	-	-	(1,540)	-
Total profit	-	-	-	-	-	-	1,033	1,033
total comprehensive income(loss)	-	-	730	(7,393)	10,114	-	-	3,451
EQUITY AT 31/12/2011	251,494	13,226	21,179	(7,393)	10,114	253	1,033	289,906
ALLOCATION OF PRIOR YEAR PROFIT								
to the Legal reserve	-	93	(93)	-	-	-	-	-
to Other reserves	-	-	(62)	-	-	62	-	-
to Retained profit	-	-	1,033	-	-	-	(1,033)	-
Total profit	-	-	-	-	-	-	830	830
total comprehensive income(loss)	-	-	-	(2,774)	(2 929)	-	-	(5,703)
EQUITY AT 31/12/2012	251,494	13,319	22,057	(10,167)	7,185	315	830	285,033

(*) Other reserves consist of Luxembourg net worth tax
(**) Translation reserve related to the Consolidation of Fiat Finance North America and Fiat Finance Canada

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CORPORATE INFORMATION

Fiat Finance and Trade Ltd ("FFT"), S.A. was incorporated in 1997 under the laws of Luxembourg for un unlimited number of years. FFT shares are held for 60.003% by Fiat Finance S.p.A.,and for 39.997% by Fiat S.p.A, which is also ultimate parent company of the Group (Fiat Group). On December 15, 2011 the Company acquired two subsidiaries Fiat Finance North America Inc. and Fiat Finance Canada Ltd. and became a parent company ("the Group").

The Group acts as the main treasury and financing vehicle of the FIAT S.p.A. Group companies outside Italy.

The Group's parent company, Fiat Finance and Trade Ltd, S.A. has its registered office at 24, Boulevard Royal, Luxembourg. The Company has two branches in the UK (London) and Spain (Madrid) and it operates as well through its branches in the UK (London) and Spain (Madrid).

The consolidated financial statements have been authorized by the Board of Directors on February 25, 2013 and ratified by the Shareholder's meeting on the same date.

SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB) and with their interpretation by the Standing Interpretations Committee (SIC) and International Financial Reporting Interpretation Committee (IFRIC). All valid standards and interpretations required in the EU have been applied.
The management report and corporate governance statement are prepared pursuant to Luxembourg legal and regulatory requirements added to these financial statements.

Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments, of which have been measured at fair value. The carrying values of recognized assets and liabilities that are hedged items in fair value hedges, and otherwise carried at amortized cost, are adjusted to record changes in the fair values attributable to the risk that are being hedged in effective hedge relationship.
The Group's accounting years starts on January 1 and ends on December 31.
The Consolidated Financial Statements are presented in Euros unless otherwise indicated. Figures in the notes are presented in thousands of Euros.

Basis of consolidation

On December 15, 2011 in order to concentrate in one single entity the participations of the treasury companies operating in North America, the Company bought from Fiat Finance S.p.A. and Fiat S.p.A. their participations in Fiat Finance North America Inc. and from Fiat Finance S.p.A. the participation in Fiat Finance Canada Ltd and hence became a parent Company of this two companies (Fiat Finance and Trade Group).
Year 2011 was thus the first financial year in which the Company prepared consolidated financial statements.
Because the acquisition of the two subsidiaries was performed at year end and the results of the acquired entities were not material for the purpose of 2011 consolidated income statement and cash flow statement of the Group, the Company consolidated only the statement of financial position of the acquired entities, while the income statement and the cash flow statements refer to the Fiat Finance and Trade Ltd, S.A. standalone financial statements restated under IFRS.
All intra-group transactions and balances are fully eliminated. Subsidiaries are fully consolidated.

Business combination

Business combination is accounted for by applying the acquisition method. Under this method:

The consideration transferred in a business combination is measured at fair values of the assets transferred and liabilities assumed by the Group and the equity interests issued in exchange for control of the acquire. Acquisition-related costs are generally recognized in profit or loss as incurred.

Goodwill arising from the acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognized at the date of acquisition, except if the acquisition involves entities or businesses under common control. In that case, the goodwill arises from the acquisition of entities or businesses represent the excess of the cost of acquisition over the Group's interest in the (adjusted) carrying amount of the identifiable assets, liabilities and contingent liabilities recognized at the date of acquisition. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

Significant accounting judgments, estimates and assumptions

Preparation of the consolidated financial statements and related disclosures pursuant to IFRS requires management to make estimates and assumptions that can have a significant effect on amounts recognized in the consolidated statements of income and financial position, as well as the disclosure of contingent assets and liabilities. The calculation of estimates implies the use of available information to make reasonable assumptions in relation to the recognition of operating events. The nature of the estimates and assumptions used can vary from year to year and, therefore, it is possible that amounts reported in the financial statements will vary in future years due to changes in the subjective measurements used.

The principal cases where subjective assessments are required by management are:

- use of valuation models for measurement of the fair value of financial instruments not quoted in active markets;
- estimates and assumptions relating to the recoverability of deferred tax assets;
- determination of the fair value of financial instruments reported in the financial statements.

Foreign currency translation

Group companies
The Group's consolidated financial statements are presented in EUR which is parent's company functional currency. Fiat Finance North America functional currency is USD, and CAD for Fiat Finance Canada. On consolidation the assets and liabilities of these two foreign subsidiaries are translated into EUR at the rate of exchange prevailing at the reporting date and their income statements are translated at average rate during the year. The exchange differences arising on translation for consolidation are recognized in other comprehensive income.

Transactions and balances
Transactions in foreign currencies are recorded at the exchange rate prevailing on the transaction date. Monetary assets and liabilities denominated in foreign currency at the reporting date are translated at the exchange rate prevailing on that date.

Currency translation differences arising on the settlement of monetary items or on translation of such items at rates which differ from those used for initial recognition during the year or in a previous period are recognized in profit or loss.
Non–monetary items that are measured in terms of historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition.

Financial instruments – initial recognition and subsequent measurement

Presentation
Financial instruments held by the Company are presented in the financial statements as described below:
- Current assets: Cash and cash equivalents, Current loans, Other financial assets, Other current assets;
- Non-current assets: Investments in subsidiaries
- Current liabilities: Current borrowings, notes, other financial liabilities, other current liabilities.
- Non-current liabilities: Non-current borrowings and notes.

Current assets mainly consist of amounts receivable from financing activities (current accounts and loans to group companies), other financial assets (including the positive fair value of derivative financial instruments)

Cash and cash equivalents include current accounts, bank deposits and investment in Liquidity Funds which are readily convertible into a stated amount of cash and are not subject to significant variation in value.

Non-current assets, on the other hand, include investments in subsidiaries,

Non current liabilities contain third parties and intercompany borrowings and the notes issued on the stock exchanges.

Initial recognition and subsequent measurement of financial instruments

Date of recognition
For initial recognition of standardized purchases and sales of financial assets (meaning contracts requiring the delivery of an asset within a period of time determined by market regulation or convention), the Company uses the settlement date.

Initial measurement of financial instruments
The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention in acquiring them. All financial instruments are measured initially at their fair value plus transaction costs.

Measurement

Cash and cash equivalents
Cash and cash equivalents include current accounts, bank deposits and investment in Liquidity Funds which are readily convertible into a stated amount of cash and are not subject to significant variation in value.

Current loans and other current assets
Current loans and other current assets, excluding assets hedged by derivative financial instruments are, where they have a fixed term, measured at amortized cost using the effective interest method. Financial assets that do not have a fixed term are measured at cost.

Such assets are initially recognized at fair value (normally the cost of the transaction including the transaction cost). As an exception to the above policy, amortized cost is not used for current assets (including cash and cash equivalents), given the immateriality of the impact of the effective interest rate method

Other financial assets and liabilities
Other financial assets consider the measurement of derivative financial instruments, used to manage currency and interest rate risks arising from the Company's financial assets and liabilities are recorded at fair value. The Company follows IAS 39, Financial Instruments: Recognition and Measurement, which provides that all derivative instruments should be recognized as either assets or liabilities depending on the rights and obligations under the contract and that all derivative instruments be measured at fair value. Fair value is defined as the amounts for which an asset could be exchanged, or liability settled between knowledgeable, willing parties in an arm's length transaction. For fair value hedges, in which derivatives hedge the fair value of assets and liabilities, changes in the fair value of derivatives will be reflected in current earnings, together with changes in the fair value of the related hedged item with reference to the hedged risk.

Fair value hedges
The fair value hedges in which the Company engages include hedges of medium-term loans to affiliates and notes issued. On these fair value hedges, the Company specifically hedges interest-rate and/or currency risk. These hedges have been deemed highly effective.

Cash flow hedges
The cash flow hedges, in which derivatives hedge the variability of cash flows related to floating-rate assets, liabilities, or forecasted transactions, the accounting treatment will depend on the effectiveness of the hedge. To the extent these derivatives are effective in offsetting the variability of the hedged cash flow; changes in the derivatives' fair value will not be included in current earnings but will be reported as cash flow hedge reserve (net of tax) in consolidated statements of Comprehensive Income. These changes in fair value will be included in earnings of future periods when earnings are also affected by the variability of the hedged cash flows. On these cash flow hedges, the Company currently hedges the change in the value of the bonds denominated in foreign currencies. These hedges have been deemed highly effective.

Trading
The Company from time to time may enter into derivative contracts that do not meet the criteria for hedge accounting; therefore, even though these contracts are substantially hedging exchange rate risks, these are considered trading. Realized and unrealized foreign exchange gains and losses in the trading derivative's fair value, as well as the interest accruals associated with the trading derivatives are reported in net gain on derivatives financial instruments.

Borrowings and other current liabilities
Borrowings include all forms of funding from both Fiat Group and external counterparties and, together with Other current liabilities, they are initially recognized at fair value adjusted for any income and expense directly attributable to the liability. The fair value of borrowings is normally equivalent to the total of funds received.
With the exception of on demand and short-term borrowings and deposits, subsequent measurement is at amortized cost using the effective interest rate method.

Trading derivative financial instruments

Trading derivatives are classified as assets if their fair value is positive and as liabilities if it is negative.
They are initially recognized in the statement of financial position at their fair value, which generally corresponds to the price paid, while any directly related transaction income/expense is recognized in profit or loss. Subsequently measurement is at fair value with any difference recognized through profit or loss.
Fair value is the amount for which an asset could be exchanged or a liability settled in an arm's length transaction between knowledgeable, willing parties on an active market.
If the market price cannot be determined, the fair value of the financial instrument is measured by using the most appropriate techniques, such as analysis of discounted cash flows on the basis of the market information available at the reporting date or by using prices provided by external parties.

Hedging derivatives

Hedging derivatives are used by the Company in accordance with its financial policies and for the purpose of reducing interest rate risk.
Such hedge transactions are designed to offset potential losses attributable to specific types of risk through gains realizable on the hedging instrument. The Company uses derivative financial instruments to hedge exposure to changes in the fair value (attributable to interest rate risks) of assets carried on statement of financial position. In accordance with IAS/IFRS, the effectiveness of hedge transactions is tested both at the inception of the transaction, periodically and at the reporting dates.
A hedge is considered highly effective if, both at inception and throughout its life, changes in the fair value or cash flows of the hedged item are almost totally offset by those of the fair value or the cash flows of the hedging instrument, with the actual results of the hedge being within a range of 80% to 125%.
The hedging relationship ceases if:

- the hedge set up through the derivative instrument ceases or is no longer highly effective;
- the derivative expires, is sold, canceled or exercised;
- the hedged item is sold, expires, is repaid, subject to impairment; or,
- it is no longer highly likely that the future hedged transaction be executed.

For fair value hedges, changes in the value of hedging instruments and hedged items (for the portion attributable to the hedged risk and if the hedge is effective) are recognized in profit and loss. Differences in the value of those changes constitute partial ineffectiveness of the hedge and have an effect on profit or loss. When the hedge becomes ineffective, hedge accounting is discontinued and the derivative contract is reclassified as a trading instrument.
If the hedge is discontinued for reasons other than disposal of the hedged item, any changes in value recognized on statement of financial position during the effective period of the hedge are recognized in profit or loss in accordance with the amortized cost method.

Derecognition at the financial assets and financial liabilities

Financial assets

A company should derecognise a financial asset when and only when:
- the contractual rights to the cash flows from the security expire; or- it transfers the security and the transfer qualifies for derecognition.
A financial asset can be considered transferred only if:
a) the company has transferred the contractual rights to receive the cash flows of the security; or
b) the company retains the contractual rights to receive the cash flows of the security, but assumes a contractual obligation to pay the cash flows to one or more eventual recipients in an arrangement that meets the following three conditions:
i) the company has no obligation to pay amounts to the eventual recipients unless it collects equivalent amounts from the original asset;
ii) the company is prohibited by the terms of the transfer contract from selling or pledging the original asset other than as security to the eventual recipients for the obligation to pay them cash flows;
iii) the company has an obligation to remit any cash flows it collects on behalf of the eventual recipients without material delays.
The simple transfer of a financial asset does not qualify for derecognition; it can only be derecognized following a transfer that meets the following requirements:
- the company transfers substantially all the risks and rewards of ownership; or
- the company has not retained control

In the latter case, retention of control is based on the company's continuing involvement in the financial asset, i.e. the extent to which the company is exposed to changes in the value of the transferred asset (for example, if the continuing involvement takes the form of guaranteeing the transferred asset, the extent of the company's continuing involvement is the lower of the amount of the asset transferred and the maximum amount of the consideration received that the company could be required to repay (the guarantee amount).
Therefore a company continues to recognise an asset to the extent of its continuing involvement together with the income generated by the transferred asset and all charges incurred for the associated liability. If an company retains a continuing involvement in only part of the transferred financial asset (for example, it retains a repurchase option for only part of the transferred asset), the net carrying amount of the transferred financial asset is allocated among the parts to be recognised to the extent of its continuing involvement and the derecognised part on the basis of the related fair value at the transfer date.
The difference between the net carrying amount allocated to the derecognised part and the sum of the consideration received and cumulative gains/losses recognised directly in equity, allocated to the transferred parts, is recognised in profit or loss.
Allocation of the cumulative gains/losses is made on the basis of the fair value of the parts of the transferred financial asset.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original liability and the consideration paid is recognized in the income statement.

Other current assets and liabilities

Other current assets and other liabilities consist of accrued or deferred income or expense.

Tangible assets

Tangible assets include furniture, office machines and equipment.
They are initially recognized at purchase cost, inclusive of any expenses directly related to their purchase or installation, and are not subsequently revalued but are carried net of any accumulated depreciation and impairment losses.
Tangible assets are depreciated on a straight-line basis over their estimated useful lives at the following rates:

Annual depreciation rate	
Fixtures and furnishings	33.3%
Other Tangible fixed assets	33.3%
Electronic equipment	33.3%

The useful life of depreciable assets is tested periodically. If initial estimates are adjusted, the relevant depreciation rate is also changed.
Tangible assets are derecognized when the assets are sold or if future economic benefits from their use are no longer expected.

Intangible assets

Intangible assets are identifiable, non-monetary assets without physical substance that are held for use for periods of more than one year. These include software developed in-house or acquired from third parties.
Software development expenses are recognized as intangible assets subject to verification that completion of the related projects is technically feasible and that they can generate future economic benefits.
Upon completion and placement in service, applications are amortized on a straight-line basis over their useful life, which is estimated at five years. If the recoverable value of these assets is less than their carrying amount, the difference is recognized in profit or loss.
Intangible assets are derecognized when they are sold or if future economic benefits from their use are no longer expected.

Financial income and expense

Financial income and expense are recognized in profit and loss according to the matching principle. Specifically, interest is recognized on a time-proportion basis which takes into account the effective yield.

Income taxes

Income taxes, being expenses incurred by the company in the production of income, are recognized according to the matching principle. The tax charge consists of both current and deferred taxes.
Current taxes represent a prudent estimate of taxes owed to tax authorities for the financial year and are determined by applying the applicable tax rate to taxable income, which is pre-tax profit adjusted in accordance with the tax regulations governing the taxability/deductibility of income and expenses.
Deferred tax assets and liabilities result from the difference in methods used to calculate taxable and accounting income, where "temporary" differences are expected to be reversed in future years.
Deferred tax liabilities measure "taxable temporary differences", that is, temporary differences that will result in a higher taxable income in future years when they are reversed or eliminated.
Deferred tax assets, or tax prepayments, are "deductible temporary differences" that when they become eligible for offset against taxable income in future years will result in higher deductions.
Current and deferred tax assets and liabilities are offset against each other where they are levied by the same tax authority and where there is a legal right of offset.
Deferred tax assets and liabilities are measured by applying the tax rates expected to apply to taxable income in the periods in which temporary differences are reversed or eliminated.
Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which they can be utilized.
Income taxes are recognized in profit and loss, except where they relate to items charged or credited directly to equity, in which case the related tax effect is also recognized in equity.

Standards issued and adopted by the EU but not yet effective

Standards issued and adopted by the EU but not yet effective up to the date of issuance of the Group's financial statements are listed below. This listing includes relevant standards and interpretations not yet effective which are expected to have significant impact on the Group's financial position, performance and disclosure, as the Group intends to adopt those standards when they become effective or adopted by EU.

IFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities — Amendments to IFRS 7
These amendments require a company to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an company's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. These amendments will not impact the Group's financial position or performance and become effective for annual periods beginning on or after 1 January 2013.
IFRS 9 Financial Instruments: Classification and Measurement
IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective

for annual periods beginning on or after 1 January 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will not have an impact on classification and measurements of financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation — Special Purpose Entities.
IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. Based on the preliminary analyses performed, IFRS 10 is not expected to have any impact on the currently held investments of the Group. This standard becomes effective for annual periods beginning on or after 1 January 2014.

Segment information

For management purpose, the Group is organized into business units based on its geographical position. The two geographical markets are: Europe and America. The parent company activities are based in Europe (except Italy), and its subsidiaries operate in American market.

The following tables show the distribution of total operating income allocated based on the market's activities.

(€ thousand)			2012
CONSOLIDATED STATEMENT OF INCOME	EUROPE	AMERICA	Total
Revenue from services	589	680	1,269
Personnel costs	(1,105)	(727)	(1,832)
Other operating costs	(1,709)	(919)	(2,628)
Net adjustments to tangible and intangible assets	(108)	(23)	(132)
Financial income	675,316	7,609	682,925
Financial expense	(638,170)	(89,652)	(727,821)
Net gain on derivatives financial instruments	(18,977)	68,768	49,791
PROFIT BEFORE TAXES	15,836	(14,264)	1,572

(€ thousand)			2012
NON CURRENT ASSETS	EUROPE	AMERICA	
Non current loans	-	116,358	116,358
Tangible assets	162	46	208
Intagible assets	322	3	325
Deferred tax assets	2,912	5,160	8,073
Total non current assets	3,396	121,567	124,963

(€ thousand)			2011
CONSOLIDATED STATEMENT OF INCOME	EUROPE	AMERICA	Total
Revenue from services	1,113		1,113
Personnel costs	(1,435)		(1,435)
Other operating costs	(2,085)		(2,085)
Net adjustments to tangible and intangible assets	(111)		(111)
Financial income	650,744		650,744
Financial expense	(762,313)		(762,313)
Net gain on derivatives financial instruments	115,546		115,546
PROFIT BEFORE TAXES	1,459		1,459

* 2011 values relate only to Fiat Finance and Trade Ltd, S.A.

(€ thousand)			2011
NON CURRENT ASSETS	EUROPE	AMERICA	
Non current loans	-		
Tangible assets	168	64	232
Integible assets	21	5	26
Deferred tax assets	413	7,032	7,445
Total non current assets	602	7,101	7,703

CONTENT AND PRINCIPAL CHANGES

1. Business combination

On December 15 2011, in order to concentrate on one single company the participations of the treasury companies operating in North America, the Company bought from Fiat Finance S.p.A. and Fiat S.p.A. their participations in Fiat Finance North America Inc. and from Fiat Finance S.p.A. the participation in Fiat Finance Canada Ltd. Hence, this acquisition involved entities under common control, and the cost of acquisition represented the estimated net asset value of the entities as of December 31, 2011.
No significant differences were identified between the estimated and actual net asset value as of December 31, 2011. As a consequence no goodwill / badwill has been generated from the acquisition.

Purchase Price for Fiat Finance North America Inc.

The Purchase Price consisted of the aggregate amount in cash equal to the value of the US Shares presently sold as determined on the basis of the Company's estimated Net Asset Value as at December 31, 2011 converted in Euro at the ECB fixing of December 13, 2011.

(USD & EUR thousand as at December 31, 2011)

Current assets*	USD	1,989,850.2
Non-current assets	USD	9,187.5
Current liabilities	USD	(132,476.2)
Non-current liabilities**	USD	(1,669,267.3)
Net Asset Value as at 31.12.2011	USD	197,294.2
Acquisition Price	EUR	149,414

* Current assets of which: Cash and cash equivalent for USD 497,063 and Current loans for USD 1,291,758.

** Non-current liabilities represent the 1.0 billion EUR bond issuance.

Purchase Price for Fiat Finance Canada Ltd.

The Purchase Price consisted of an aggregate amount in cash equal to the value of the Canadian Shares presently sold as determined on the basis of the Company's estimated Net Asset Value as at December 31, 2011 converted in Euro at the ECB fixing of December 13, 2011.

(CAD & EUR thousand as at December 31, 2011)

Current assets*	CAD	21,466
Current liabilities	CAD	(37.5)
Net Asset Value as at 31.12.2011	CAD	21,428.5
Acquisition Price	EUR	15,830

* Current Assets of which: Cash and cash equivalent for CAD 21,454.

2. Revenue from services

(€ thousand)	2012	2011*
Revenues from services rendered to Group companies	1,269	1,113
Total revenues	1,269	1,113

* 2011 values relate only to Fiat Finance and Trade Ltd, S.A.

Revenues from services relate to the provision of financial consultancy services to Fiat Group companies.

3. Personnel expenses

(€ thousand)	2012	2011*
Salary	(1,461)	(1,080)
Social Security Contributions	(240)	(136)
Other employee benefits	(131)	(219)
Total	(1,832)	(1,435)

* 2011 values relate only to Fiat Finance and Trade Ltd, S.A.

4. Other operating costs

Other operating costs consisted of the following:

(€ thousand)	2012	2011*
Information expenses	(504)	(507)
Building-related costs	(606)	(271)
Professional services and consultancy	(586)	(669)
Fees paid to independent auditors	(149)	(132)
Other personnel costs	(223)	(131)
Other management costs	(159)	(95)
Indirect Taxes & Oth taxes	(401)	(280)
Total	(2,628)	(2,085)

* 2011 values relate only to Fiat Finance and Trade Ltd, S.A.

5. Depreciation and amortization on tangible and intangible assets

(€ thousand)	2012	2011*
Depreciation on Tangible Assets	(87)	(53)
Amortization on Intangible Assets	(45)	(58)
Total	(132)	(111)

* 2011 values relate only to Fiat Finance and Trade Ltd, S.A.

6. Financial income

(€ thousand)	2012	2011*
Financial income from Fiat Group companies:		
Interest income from current accounts	627,439	467,564
Interest and other income on loans	36,632	149,847
Other interest income on receivables	4	-
Gain on financial assets and liabilities designed at FV TPL	-	99
Total Financial Income from Fiat Group Company	664,075	617,510
Financial Income from third parties:		
Interest income from current accounts	4,291	8,640
Interest income on bank deposits	9,655	15,663
Other interest income	-	8,927
Commission on guarantees and credit lines	44	4
Total financial income from third parties:	13,990	33,234
Foreign exchange gain/loss	4,860	-
Total financial income	682,925	650,744

* 2011 values relate only to Fiat Finance and Trade Ltd, S.A.

Financial income relates essentially to the activity, in both euros and other currencies, carried out by the Company for the management of funding for the Group as well as the activity to hedge exposure to adverse movements in interest rates, foreign exchange rates, cross currency swap and other underlyings.

7. Financial expenses

(€ thousand)	2012	2011*
Financial expense to Fiat Group companies:		
Interest expense on current accounts	(7,897)	(14,766)
Interest and other expense on loans	(14,440)	(40,753)
Commission on guarantees and credit lines	(3,045)	(2,851)
Total financial expense to Fiat Group companies	**(25,382)**	**(58,372)**
Financial expense to third parties:		
Interest expense on current accounts	(72)	(27)
Interest and other expense on bank loans	(668,626)	(640,162)
Commission on guarantees and credit lines	(33,608)	(25,631)
Other financial expense	(133)	(118)
Total financial expense to third parties	**(702,439)**	**(665,938)**
Foreign exchange gain/loss	-	(38,004)
Total financial expense*	(727,821)	(762,314)

* 2011 values relate only to Fiat Finance and Trade Ltd, S.A.

Financial expenses relates to interest on Bonds issued under GMTN, commission on credit line and intercompany activity.

8. Net gain on derivatives financial instrument

(€ thousand)	2012	2011*
Gains/(losses) on back to back derivatives	(4,147)	49,048
Gains/(losses) on hedging derivatives	53,938	66,498
Net gains/(losses) on derivative financial instruments*	49,791	115,546

* 2011 values relate only to Fiat Finance and Trade Ltd, S.A.

Gains/(losses) on trading derivatives includes realized and unrealized gains and losses, primarily currency hedges (e.g., outrights and forex swaps), as well as limited derivatives activity on other underlyings, entered into between Fiat Group counterparties, on one side, and international banking institutions, on the other. Gains/(losses) on hedging derivatives includes realized and unrealized gains and losses, on interest rate and currency hedges (e.g., interest rate swaps, cross currency swap) on Company fixed rate loans versus third parties.

9. Income taxes

(€ thousand)	2012	2011
Current income tax	(1,286)	(749)
Other current taxes	-	(9)
Total current taxes	(1,286)	(758)
Deferred taxes for the year:		
Relating to origination and reversal of temporary differences	544	332
Total deferred taxes for the year	544	332
Taxes relating to prior periods	-	-
Total income taxes for the year*	(742)	(426)

* 2011 values relate only to Fiat Finance and Trade Ltd. S.A.

10. Deferred tax on Other Comprehensive Income

In 2012, tax effect on Other Comprehensive Income is related to income recognized in the cash flow hedge reserve and transfer from cash flow hedge reserve amounted to € 2.3 and (€ 2.1) respectively, and contain the movement on cash flow hedge reserve for Fiat Finance and Trade and its subsidiaries.

(€ thousand)	2 012
Income recognized in the cash flow hedge reserve (gross effect)	6,015
Income recognized in the cash flow hedge reserve (tax effect)	(2,149)
Total income recognized in Cash flow hedge reserve (net effect)	3,866
Transfer from cash flow hedge reserve (gross effect)	(8,962)
Transfer from cash flow hedge reserve (tax effect)	2,322
Total transfer from cash flow hedge reserve (tax effect)	(6,640)
Change on Cash Flow hedge reserve at December 31, 2012	(2,774)

11. Cash and cash equivalents

(€ thousand)	2012	2011
Current account	1,058,439	463,698
Loans	2,072,750	2,163,878
Liquidity Fund	539,695	803,127
Total	3,670,884	3,430,703

This item relates to Cash and cash equivalents held by the Company with major international banks (Note 5).

Liquidity Funds used by the Company and its subsidiaries are money market instruments rated AAAm by S&P and/or Aaa by Moody's. The product offers same value day liquidity and an attractive yield compared with time deposits.

These positions are not subject to any particular credit risk as the current and deposit accounts as well as the Liquidity Funds.

12. Current loans

At December 31, 2012, this item consisted of amounts receivable from Fiat Group companies, broken down as follows:

(€ thousand)	2012	2011
Current loans		
Current accounts	7,927,748	7,344,067
Loans	510,469	434,983
Total	8,438,217	7,779,050

The current loans and current accounts are owed by affiliated companies with maturity within 1 year.

13. Non current loans

(€ thousand)	2012	2011
Non Current loans		
Loans	116,358	-
Total	116,358	-

The non current loan is owed by affiliated companies with maturity between 1 and 5 years.

14. Other financial assets

(€ thousand)	2012	2011
Derivative financial instruments:		
Trading derivatives		
with Fiat Group counterparties	19,668	19
with external counterparties	136,426	119,516
Hedging derivatives		
with Fiat Group counterparties	380	-
with external counterparties	129,343	217,054
Fees receivable on guarantees and lines of credit	4	4
Total	285,823	336,593

These derivatives, having a positive fair value, are essentially forward transactions and swaps on currencies and interest rates, as well as other underlyings.

15. Current borrowings

Borrowings consisted of amounts payable to Fiat Group companies and credit institutions, as follows:

(*) Including outstanding bonds. Nominal values are indicated in the table below

(€ thousand)	2012	2011
Borrowings		
Current accounts		
held by Fiat Group companies	754,209	824,528
held by third parties	9	1,209
Loans		
from Fiat Group companies	845,074	943,673
from third parties*	1,694,693	2,203,114
Total	**3,293,985**	**3,972,524**

16. Non Current Borrowings

(€ thousand)	2012	2011
Non-current borrowings		
from third parties*	8,867,392	7,285,700
Total	**8,867,392**	**7,285,700**

The bond issues outstanding at December 31, 2012 are as follows:

(1) Bond for which a listing on a Stock Exchange was obtained.

(2) European Inflation Linked Notes (Harmonised Index for Consumer Prices - HICP).

	Currency	Face value of outstanding bonds (in million)	Coupon	Maturity	Face value of outstanding (€ million)
Global Medium Term Notes:					
Fiat Finance and Trade Ltd S.A. (1)	EUR	900	6.125%	8 July 2014	900
Fiat Finance and Trade Ltd S.A. (1)	EUR	1250	7.63%	15 September 2014	1,250
Fiat Finance and Trade Ltd S.A. (1)	EUR	1500	6.88%	13 February 2015	1,500
Fiat Finance and Trade Ltd S.A. (1)	CHF	425	5.00%	07 September 2015	352
Fiat Finance and Trade Ltd S.A. (1)	EUR	1000	6.38%	1st April 2016	1,000
Fiat Finance and Trade Ltd S.A. (1)	EUR	1000	7.75%	17 October 2016	1,000
Fiat Finance and Trade Ltd S.A. (1)	CHF	400	5.25%	23 November 2016	331
Fiat Finance and Trade Ltd S.A. (1)	EUR	850	7.00%	23 March 2017	850
Fiat Finance North America Inc. (1)	EUR	1000	5.63%	12 June 2017	1,000
Fiat Finance and Trade Ltd S.A. (1)	EUR	600	7.38%	9 July 2018	600
Fiat Finance and Trade Ltd S.A. (2)	EUR	7	-	16 February 2021	7
Total Global Medium Term Notes					**8,790**
Other bonds:					
Fiat Finance and Trade Ltd S.A. (1)	EUR	1,000	6.63%	15 February 2013	1,000
A					
Total Bonds					**9,790**

Changes in bonds during 2012 are mainly due to:

- the repayment on maturity of bonds having a nominal value of €1,250 million and of €200 million issued by Fiat Finance and Trade Ltd S.A. in 2009 as part of the Global Medium Term Notes Programme;

- the issue by Fiat Finance and Trade Ltd. S.A. as part of the Global Medium Term Notes Programme of a note, having a principal of €850 million, due in March 2017 and bearing fixed interest of 7%; a CHF 425 million note due in September 2015 bearing fixed interest of 5%; a CHF 400 million due in November 2016 bearing a fixed interest of 5.25% and a €1,000 million note due in October 2016 bearing fixed interest of 7.75%.

The bonds issued are governed by different terms and conditions according to their type as follows:

- Global Medium Term Note (GMTN Programme): a maximum of €15 billion may be used under this Program, of which notes of approximately €8.8 billion have been issued to date; the Program is guaranteed by Fiat S.p.A.. The issuers taking part in the program include, amongst others, Fiat Finance and Trade Ltd. S.A. for an amount outstanding of €7.8 billion and Fiat Finance North America Inc. with a bond having a nominal value of €1 billion.
- Other bonds: these refer to a bond issued by Fiat Finance and Trade Ltd. S.A. having a nominal value of €1 billion, issued at par, bearing fixed interest at 6.625% and repayable on February 15, 2013.

The Group intends to repay the bonds issued in cash at maturity by utilizing available liquid resources. In addition, the companies in the Fiat Group may from time to time buy back bonds on the market that have been issued by the Group, also for purposes of their cancellation. Such buybacks, if made, depend upon market conditions, the financial situation of the Group and other factors which could affect such decisions.

The prospectuses and offering circulars, or their extracts relating to the principal bond issues are available on the Group's website at www.fiatspa.com under "Investor Relations – Financial Reports". These documents are unaudited.
The bonds issued by Fiat Finance and Trade ltd. S.A. and by Fiat Finance North America Inc. impose covenants on the issuer and, in certain cases, on Fiat S.p.A. as guarantor, which is standard international practice for similar bonds issued by companies in the same industry sector as the Group. Such covenants include: (i) negative pledge clauses which require that bonds benefit from any existing or future pledges of assets of the issuer and/or Fiat S.p.A. granted in connection with other bonds or debt securities having the same ranking; (ii) pari passu clauses, under which no obligations ranking senior to the bonds in question may be assumed; (iii) periodic disclosure obligations; (iv) for bond issued under the Global Medium Term Notes program, cross-default clauses which require immediate repayment of the bonds under certain events of default on other financial instruments issued by the Group's main entities; and, (v) other clauses that are generally applicable to securities of a similar type. A breach of these covenants can lead to the early repayment of the notes. In addition, the agreements for the bonds guaranteed by Fiat S.p.A. contain clauses which could lead to a requirement to make early repayment if there is a change of the controlling shareholder of Fiat S.p.A. which leads to a resulting downgrading by the ratings agencies.

17. Other financial liabilities

(€ thousand)	2012	2011
Derivative financial instruments:		
Trading derivatives		
with Fiat Group counterparties	9	863
with external counterparties	76,831	26,500
Hedging derivatives		
with Fiat Group counterparties	-	-
with external counterparties	12,327	2,984
Fees receivable on guarantees and lines of credit	3	3
Total	89,170	30,350

This item includes financial derivatives, having a negative fair value, used by the Company to hedge its own fixed-rate positions and trading derivatives. These derivatives are essentially forward transactions and swaps on currencies, interest rates, and cross currency swap as well as other underlyings.

18. Current taxes payable

(€ thousand)	2012	2011
IRC tax payable	-191	9
ICC tax payable	-58	-12
Other taxes payable	133	182
Total	-116	179

Direct Taxes payable to tax authorities for 2012 is stated net of amounts prepaid.

19. Equity

At December 31, 2012, equity totaled 285 EUR million

(€ thousand)	2012	2011
Capital	251,494	251,494
Legal reserve	13,319	13,226
Retained profit (loss)	22,057	21,179
Other reserve	315	253
Cash flow reserve	(10,166)	(7,393)
Translation reserve	7,164	10,114
Profit(loss) for the year	830	1,033
	(285,033)	(289,906)

Share capital

(€ thousand)	2012	2011
13,416 shares with no nominal value	251,494	251,494

Subscribed capital

The share capital of the Company amounts to 251,494,000 EUR represented by 13,416 shares fully subscribed and paid up with no nominal value. The authorized capital of the Company amounts to 500,000,000 EUR.

Capital Mangement

The Company is not subject to any specific constraints on equity within its course of business. Management believes that the capital structure of the Company is fully adequate to its operations.

Legal reserve

Under Luxembourg Law the Company must appropriate to a legal reserve a minimum of 5% of the annual net profit until such reserve is equal to 10% of the issued share capital. The legal reserve is not available for distribution.

Other reserves

In accordance with the provisions of the Luxembourg tax law, the Company opted for the reduction of the net worth tax by posting an amount equivalent to five times the net worth tax due to "Other Reserves". This reserve is to be maintained for a period of five years following the year in which the net worth tax was reduced.

Dividend policy

Dividends payable are recognized as changes in equity for the period in which they are approved by shareholders.

Cash flow hedge reserve

As of December 31, 2012 and 2011, a cash flow hedge reserve of (€ 10.2) million and (€ 7.4) million (net of tax) was recorded to be released upon the maturing interest portions of the notes payable, The amount of the reserve as at December 31, 2011 are relative only to FFNA cash flow reserve; on 2012 FFT start with cash flow hedging activity linked the two CHF bond issuance, as at December 2012 the variance on the amount of cash flow reserve of the group is (€ 2.8) given to (€ 4.8) and € 2.0 to FFT and FFNA respectively.

Translation reserve

The net investments in overseas subsidiary undertakings are translated from their functional currency into euro at the rate of exchange ruling at the balance sheet date. The exchange differences arising on the retranslation of opening net assets are taken directly to the translation reserve.

20. Guarantees, commitments and contingencies

As of December 31, 2012, Fiat Finance and Trade Ltd, S.A. has issued guarantees in favor of Fiat Group Companies for a total amount of 10,772,314 EUR.

The subsidiary Fiat Finance North America Inc. had outstanding stand-by letters of credit issued on behalf of affiliated companies of 9.5 million EUR (USD equivalent).

21. Information on risks and hedging policies

Estimated Fair Value of Financial Instruments

The following methods and significant assumptions were used to determine the fair value of financial instruments:

- cash and cash equivalent: the carrying amount is assumed to approximate fair value;
- current loans : the carrying amount is assumed to approximate fair value;
- other current assets: the carrying amount is assumed to approximate fair value;
- non current loans: the fair value is determined with reference to market rates, when available, or by discounting future cash flows at the market rates at the reporting date adjusted as necessary;
- borrowings: the fair value is obtained using market rates at the reporting date; the fair value of current is determined with reference to market rates, when available, or by discounting future cash flows at the market rates at the reporting date, adjusted as necessary;
- other current liabilities: the carrying amount of is assumed to approximate fair value;
- non current borrowings: the fair value is determined, in the absence of quotations on an active market, by referring to a security with analogous financial characteristics or, in their absence, by discounting cash flows, considering any factors that can influence the value of the security in question (e.g., credit rating);
- financial derivatives are measured at fair value and recognized either in other financial assets and liabilities depending on the rights and obligations under the contract, the determination of fair value applies the value of market variables at the reporting date and uses valuation models that are widely used in the financial sector. In particular:
  - the fair value of forwards and currency swaps is computed on the basis of the exchange rate and interest rates in the two currencies at the reporting date;
  - the fair value of interest rate swaps, cross currency swap and forward rate agreements is determined the using discounted cash flow method.

The below fair value have been determined by reference to available market information and the above indicated methodologies:

December 31, 2012	Nominal value	Carring Value	Fair Value	Difference
ASSETS				
Cash and cash equivalents	3,670,501	3,670,884	3,670,884	-
Current and non current loans	8,549,944	8,554,575	8,551,153	(3,422)
	12,220,445	12,225,459	12,222,037	(3,422)
LIABILITIES				
Current and non current borrowings	11,668,047	12,161,376	12,333,103	171,727
	11,668,047	12,161,376	12,333,103	171,727
DERIVATIVES				
Forward currency contracts	772,454	23,120	23,120	-
Interest rate swaps	4,265,516	175,339	175,339	-
Cross currency swap	1,118,469	(1,809)	(1,809)	-
Forward rate agreement	40,000	3	3	-
	6,196,439	196,653	196,653	-

December 31, 2011	Nominal value	Carring Value	Fair Value	Difference
ASSETS				
Cash and cash equivalents	3,412,414	3,414,469	3,414,469	-
Current and non current loans	7,772,431	7,779,051	7,778,961	(90)
	11,184,861	11,193,536	11,193,563	(90)
LIABILITIES				
Current and non current borrowings	10,760,123	11,258,226	10,566,098	(692,128)
	10,760,123	11,258,226	10,566,098	(692,128)
DERIVATIVES				
Forward currency contracts	740,742	10,736	10,736	-
Interest rate swaps	7,555 614	296,481	296,481	-
Cross currency swap	1,788,569	(975)	(975)	-
	10,084,925	306,242	306,242	-

Credit risk

General aspects and credit risk management policies

The Company's exposure to credit risk is relatively limited, as the risks described in Section "Main risks and uncertainties to which the company is exposed" of the report on operations are mitigated by the following factors:

- counterparties for financial receivables are principally companies within the Fiat Group;
- investment of excess liquidity follows specific Fiat Group policies that set out criteria for the selection of bank and financial counterparties, as well as the liquidity profile of investments.

Similar criteria are applied to the selection of bank and financial counterparties for derivative activities.

Credit risk concentration

Counterparty Concentration by geographic location

(€ thousand)				2012
	Europe	America	Other	Total
Cash and cash equivalents	2,853,259	817,624	1	3,670,884
Current loans and non-current loan	7,848,145	706,223	207	8,554,575
Other financial assets	284,912	911		285,823
Other current assets	20,665	43		20,708
Total assets	10,986,314	1,524,759	208	12,531,990

(€ thousand)				2011
	Europe	America	Other	Total
Cash and cash equivalents	3,030,343	400,360	-	3,430,703
Current loans	7,668,784	80,169	30,097	7,779,050
Other financial assets	336,197	372	19	336,593
Other current assets	28,562	34	-	28,591
Total assets	11,063,886	480,935	30,116	11,574,937

Market risks

Interest rate and currency risk

Qualitative information

General aspects and interest rate and currency risk management policies

Currency risk is generated when the composition of the Company's assets and liabilities results in net positions in currencies other than the functional currency.
Under Fiat Group policy, the Company may not take positions in currencies other than the functional currency. If activities in support of Fiat Group companies require that the Company takes a position in a foreign currency, that position must be hedged.

Interest rate risk results from changes in interest rates that can have an adverse impact on the Company's operating performance, cash flows or financial position.
The Company regularly assesses its exposure to changes in currency and interest rates and uses derivative financial instruments as one method of hedging those risks, as established by its risk management policies.
Under those policies, the use of derivatives is limited to management's exposure to changes in currency and interest rates connected with cash flows and assets and liabilities. Speculative transactions are prohibited.
The Group uses derivatives designated as fair value and cash flow hedges, principally to manage interest rate risk on loans, borrowings and issued bonds. The principal instruments used include currency swaps, forward contracts and interest rate swaps. For cash flow hedges, in which derivatives hedge the variability of cash flows related to floating-rate assets, liabilities, or forecasted transactions, the accounting treatment will depend on the effectiveness of the hedge.

To the extent these derivatives are effective in offsetting the variability of the hedged cash flow; changes in the derivatives' fair value will not be included in current earnings but will be reported as cash flow hedge reserve (net of tax) in the Statement of Comprehensive Income. These changes in fair value will be included in earnings of future periods when earnings are also affected by the variability of the hedged cash flows. On these cash flow hedges, Fiat Finance North America Inc. and Fiat Finance and Trade Ltd S.A. currently hedge bonds denominated in foreign currencies. These hedges have been deemed highly effective. Counterparties to these derivatives are major and diverse financial institutions.

Sensitivity Analysis

The quantitative data presented below are not forecasts. The sensitivity analysis of market risk, in particular, cannot reflect the complexity or reaction of markets that could result from the various scenarios assumed.

The potential loss in fair value of derivative financial instruments held for currency risk management (currency swaps/forwards, interest rate and currency swaps) at December 31, 2012 resulting from a hypothetical, unfavorable and instantaneous change of 10% in the exchange rates of the leading foreign currencies with the Euro would have been approximately €179 million. The biggest part refers to the derivatives that are hedging the Euro Bond issued by Fiat Finance North America Inc. and the two Swiss Franc Bonds issued by Fiat Finance and Trade Ltd S.A.Financial receivables and payables whose hedging transactions have been analyzed were not considered in this analysis. It is reasonable to assume that changes in exchange rates will produce the opposite effect, of an equal or greater amount, on the underlying transactions that have been hedged.

The potential loss in fair value of fixed rate financial instruments (including the effect of interest rate derivatives) held at December 31, 2012, resulting from a hypothetical, unfavorable and instantaneous change of 10% in market interest rates, would have been approximately €16 million the impact refers to issue bonds at fixed rate.
A hypothetical, adverse and sudden change of 10% in short-term interest rates applicable to variable-rate financial assets and liabilities and interest-rate derivatives at December 31, 2012 would have reduced pre-tax profit for 2012 by €1 million.
This analysis assumes a general, sudden change of 10% in benchmark interest rates applied to similar classes of assets and liabilities, denominated the same currency.

Operating risks

The operating risks to which the Company is exposed are directly correlated to its activities of providing treasury services, optimization of funding and investment, and hedging financial risks for the Fiat Group.

Activities with the highest degree of risk (management of currency and interest rate risk, investments and liquidity) are subject to policies issued at Fiat Group level, while more specific operational aspects are governed by procedures and controls to ensure conformity with required standards of conduct.
Additionally, during 2012 as in previous year, no problematic issues emerged in relation to those operating processes.

Liquidity risks

Qualitative information

The Company's liquidity risk is related to the potential difficulty which might be encountered in obtaining adequate amounts of financing, on a timely basis to fund Fiat Group's operations or meet its own repayment obligations, in addition to risks and uncertainties, discussed in the report on operations, related to Fiat Group's operating and financial performance.

Quantitative Information
Distribution by remaining term to maturity of financial assets and liabilities

December 31, 2012

(figures €)	Within one year	From 1 to 5 years	From 5 to 10 years	Total
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	3,670,884,395			3,670,884,395
Current loans	8,438,217,501			8,438,217,501
Other financial assets	54,232,380	188,971,595	42,618,771	285,822,746
Other current assets	20,707,624			20,707,624
Current tax receivable	4,246			4,246
Total current assets	12,184,046,146	188,971,595	42,618,771	12 415,636,512
NON CURRENT ASSETS				
Non current loans		116,357,889		116,357,889
CURRENT LIABILITIES				
Current borrowings	3,293,984,595			3,293,984,595
Other financial liabilities	17,728,121	42,905,522	28,536,096	89,169,740
Other liabilities	5,136,637			5,136,637
Current tax payable	(115,791)			(115,791)
Total current liabilities	3,316,733,562	42,905,522	28,536,096	3,388,175,181
NON CURRENT LIABILITIES				
Non current borrowings		8,260,391,701	607,000,000	8,867,391,701

(€ thousand) December 31, 2011

	Within one year	From 1 to 5 years	From 5 to 10 years	Over 10 years	Indefinite duration
Cash and cash equivalents	3,430,703	-	-	-	-
Current loans	7,779,050	-	-	-	-
Other financial assets	336,593	-	-	-	-
Other current assets	28,591	-	-	-	-
Current borrowings	(4,001,224)	-	-	-	-
Non-current borrowings	-	(6,650,000)	(607,000)	-	-
Other financial liabilities	(30,350)	-	-	-	-
Other current liabilities	(3,980)	-	-	-	-
Total	7,539,383	(6,650,000)	(607,000)	-	-

22. Fair value hierarchy

IFRS 7 requires financial instruments recognised in the statement of financial position at fair value to be classified on the basis of a hierarchy that reflects the significance of the inputs used in determining fair value. The following levels are used in this hierarchy:

- Level 1 - quoted prices in active markets for the assets or liabilities being measured;
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) on the market;
- Level 3 - inputs that are not based on observable market data.

The following table provides an analysis under this hierarchy of the financial instruments measured at fair value at December 31, 2012.

(€ thousand)	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Foreign exchange forward contracts	-	23,506	-	**23,506**
Embedded derivatives	-	1,911	-	**1,911**
Interest rate swaps	-	252,282	-	**252,282**
Cross currency swap	-	8,124	-	**8,124**
Liabilities measured at fair value				
Foreign exchange forward contracts	-	387	-	**387**
Embedded derivatives	-	2,327	-	**2,327**
Interest rate swaps	-	76,525	-	**76,525**
Cross currency swap	-	9,931	-	**9,931**

In 2012, there were no transfers from Level 1 to Level 2 or vice versa.

The following table provides an analysis under this hierarchy of the financial instruments measured at fair value at December 31, 2011.

(€ thousand)	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Foreign exchange forward contracts	-	14,078	-	**14,078**
Interest rate swaps	-	322,515	-	**322,515**
Liabilities measured at fair value				
Foreign exchange forward contracts	-	4,316	-	**4,316**
Embedded derivatives	-	2,041	-	**2,041**
Interest rate swaps	-	23,993	-	**23,993**

In 2011, there were no transfers from Level 1 to Level 2 or vice versa.

23. Operating Lease

Fiat Finance North America Inc. has entered into a lease agreement for office space commencing on June 1, 2011 expiring July 31, 2016, for a total minimum lease payments of about 1 million USD. The Company does not have the option to automatically renew at the end of the initial lease term. Management expects that in the normal course of business, the operating lease will be renewed or replaced. Minimum rental commitments are as follows:

(€ thousand)	2013	2014	2015	2016
Remaining lease	169	171	172	100

24. Related-party transactions

Intercompany and related-party transactions consist of transactions with direct and indirect subsidiaries of Fiat S.p.A.. Those transactions, which were included in the statements of income and financial position for 2012 and 2011, and are summarized in the following tables:

(€ thousand)	Fiat S.p.A.	Subsidiaries of Fiat S.p.A.	Parties related to Fiat S.p.A.	Other related parties to Fiat S.p.a.	Third parties	2012
Operating revenues	-	183	-	1 086	-	1 269
Personnel costs	-	-	-	-	(1 832)	(1 832)
Other operating costs	-	(212)	-	(93)	(2 455)	(2 759)
Financial income/(expense)	(3 045)	656 908	-	-	(648 968)	4 894
PROFIT/(LOSS) BEFORE TAXES	(3 045)	656 879	-	993	(653 255)	1 572

(€ thousand)	Fiat S.p.A.	Subsidiaries of Fiat S.p.A.	Parties related to Fiat S.p.A.	Other related parties to Fiat S.p.a.	Third parties	2011
Operating revenues	-	134	-	954	30	1,118
Personnel costs	-	-	-	-	(1,443)	(1,443)
Other operating costs	(16)	(389)	(7)	(153)	(1,648)	(2,213)
Financial income/(expense)	(2,851)	561,120	-	440	(554,712)	3,997
PROFIT/(LOSS) BEFORE TAXES	(2,867)	560,865	(7)	1,241	(557,773)	1,459

(€ thousand)	Fiat S.p.A.	Subsidiaries of Fiat S.p.A.	Parties related to Fiat S.p.A.	Other related parties to Fiat S.p.a.	Third parties	December 31, 2012
CURRENT ASSETS						
Cash and cash equivalents	-	-	-	-	3,670,884	3,670,884
Current loans	-	8,438,218	-	-	-	8,438,218
Other financial assets	-	20,048	-	-	265,775	285,823
Other current assets	-	30	-	42	20,636	20,708
Current taxes receivable	-	-	-	-	4	4
Total current assets	-	8,458,296	-	42	3,957,299	12,415,637
NON-CURRENT ASSETS						
Non current assets		116,358	-	-	-	116,358
Tangible assets		-	-	-	208	208
Intangible assets	-	-	-	-	325	325
Deferred tax assets	-	-	-	-	8,072	8,072
Total non-current assets	-	-	-	-	8,605	124,963
CURRENT LIABILITIES						
Borrowings	-	1,599,282	-	-	1,694,702	3,293,984
Other financial liabilities	-	8	-	-	89,162	89,170
Other current liabilities	(2)	136	-		5,002	5,137
Current taxes payable	-	-	-	-	(116)	(116)
Total current liabilities	(2)	1,599,426	-	-	1,788,750	3,388,175
NON CURRENT LIABILITIES						
Non -current borrowings	-	-	-	-	8,867,392	8,867,392
Total non-current liabilities	-	-	-	-	8,867,392	8,867,392

(€ thousand)	Fiat S.p.A.	Subsidiaries of Fiat S.p.A.	Parties related to Fiat S.p.A.	Other related parties to Fiat S.p.a.	Third parties	December 31, 2011
CURRENT ASSETS						
Cash and cash equivalents	-	-	-	-	3,430,703	3,430,703
Current loans	-	7,779,050	-	-	-	7,779,050
Other financial assets	-	19	-	-	336,569	336,588
Other current assets	-	27	-	844	27,725	28,596
Current taxes receivable	-	-	-	-	-	-
Total current assets	-	7,779,096	-	844	3,794,997	11,574,937
NON-CURRENT ASSETS						
Tangible assets	-	-	-	-	232	232
Intangible assets	-	-	-	-	26	26
Deferred tax assets	-	-	-	-	7,445	7,445
Total non-current assets	-	-	-	-	7,703	7,703
CURRENT LIABILITIES						
Borrowings	-	1,768,201	-	-	2,204,323	3,972,524
Other financial liabilities	-	862	-	-	29,484	30,346
Other current liabilities	13	93	-	153	3,725	3,984
Current taxes payable	-	-	-	-	179	179
Total current liabilities	13	1,769,156	-	153	2,237,711	4,007,033
NON CURRENT LIABILITIES						
Non -current borrowings	-	-	-	-	7,285,700	7,285,700
Total non-current liabilities	-	-	-	-	7,285,700	7,285,700

25. SUBSEQUENT EVENTS

There have been no events subsequent to the balance sheet date which require adjustment of or disclosure in the annual accounts or Notes.

Luxembourg, 25 February 2013

On behalf of the Board of Directors

CHAIRMAN OF THE BOARD

ERNST & YOUNG

Ernst & Young
Société anonyme
7, rue Gabriel Lippmann
Parc d'Activité Syrdall 2
L-5365 Munsbach
B.P. 780
L-2017 Luxembourg
Tel: +352 42 124 1
Fax: +352 42 124 5555
www.ey.com/luxembourg

R.C.S. Luxembourg B 47 771
TVA LU 16063074

Independent auditor's report

To the Board of Directors
of Fiat Finance and Trade Ltd. S.A.

Report on the consolidated financial statements

Following our appointment by the the Board of Directors, we have audited the accompanying consolidated financial statements of Fiat Finance and TradeLtd. S.A., which comprise the consolidated statement of financial position as at December 31, 2012, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as the Board of Directors determines is necessary to enable the preparation and presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the "réviseur d'entreprises agréé"

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgement of the "réviseur d'entreprises agréé", including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the "réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

ERNST & YOUNG

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Fiat Finance and Trade Ltd. S.A. as of December 31, 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

The consolidated management report, including the corporate governance statement, which is the responsibility of the Board of Directors, is consistent with the consolidated financial statements and includes the information required by the law with respect to the corporate governance statement.

Ernst & Young
Société Anonyme
Cabinet de révision agréé

Yves Even

Luxembourg, February 25, 2013